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COMPAQ NEWS

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An interview with Ross Cooley

Outlook "extremely bullish" in North America

(This is the fourth in a series of interviews about the company's business strategies and new organization. If you have any comments, suggestions or questions, please send them to Inside & Out Suggestion Box on the Banyan network under "suggestion" in b mail or the mailcode 040516.)

Ross Cooley, 51, heads the North American Division, composed of 1,077 employees. As a senior vice president, he directs the pricing, advertising, promotion, distribution, service and support of COMPAQ products in the United States and Canada.

Cooley is widely admired for his charm, wit and superb public speaking skills. He joined the company in February 1984 and has held numerous management posts in sales. Prior to Compaq, he served in sales and marketing positions at IBM for 18 years.

For relaxation, Cooley enjoys spending time at his Galveston Beach house with his wife, Pat, and four children.

Q. How's business in North America?

A. It's outstanding! It's fantastic! And it's certainly well beyond our forecasts.

Q. The word is that everything we're building is sold? Is that true?

A. Not only is everything we're building today sold, but what we've yet to build has been sold. It's truly difficult to gauge where demand is going to level off. The initial frenzy, interestingly enough, is not just for our new products. Many of our older products are also seeing upside demand.

Q. Because of price reductions? Did that help a lot?

A. Immensely, to say the least. I think what's happening is that the end users are deluging the dealers for information about Compaq's new products and prices. The dealers are saying, "Well, I don't have that, but I do have one of these earlier models in stock, and did you know the

price has been reduced on it?" The entire Compaq product line is enjoying a resurgence. Our older products are being ordered by dealers at record numbers.

Q. And what about the new products?

A. They're a run-away hit. There were a few products, like the COMPAQ

the capacity, we just need to respond to the demand with more and more materials.

Q. We've received some criticism in the press for not responding to demand quickly enough. Is our problem a lack of components or was our forecasting too conservative?

information on availability. To some of our major accounts, it makes us look like we don't know what we're doing. What can be done about this?

A. Whenever we have demand way out in front of supply, it may appear as if we don't know what we're doing. But we're trying our best to increase availability

to meet the demand. We have major shifts in when we think parts are going to arrive, when they're going through tests and when we think products are going to be available. We try to shield our field sales force, accounts and resellers from this very complex process. But as long as people aren't getting their products, whatever information we provide is unsatisfactory.

In a tight supply situation, there's no way we can put a stake in the ground and say, "You will get your order on this day." No

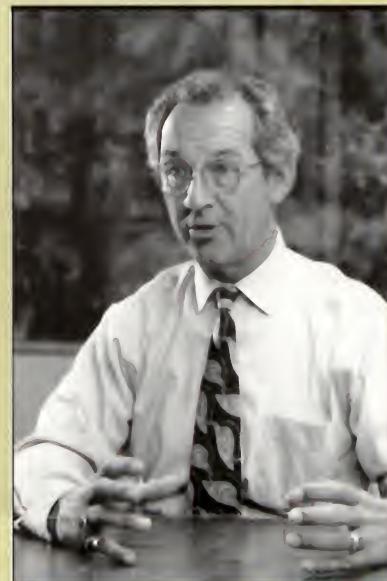
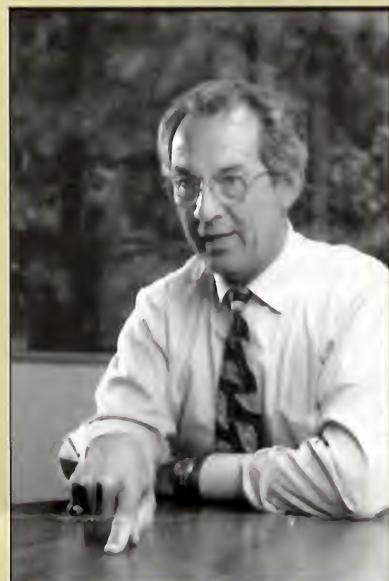
major manufacturer in the world does that. We tend to be conservative and say, "Place your order and within 'X' weeks we know we're going to have availability." Behind the scenes, everybody is focused on ensuring the order is met. Now, when supply catches up with demand, we'll be able to provide very accurate information about product availability.

Q. Who gets the computers first? The resellers? VARs? How is allocation handled?

A. The allocation methodology is based on what percentage of Compaq's business in North America the entity represented during the last six months. In other words, those who have been good partners over the past six months will get the majority of whatever we build.

For example, if you're a reseller organization and you contributed five percent of Compaq's revenue over the last six months and we build a thousand of a particular model, you're going to get approximately 50 of them.

continued on page 3



DESKPRO/i family, that we weren't sure people would understand right away. Demand for them was a bit slower – in the first three or four days – and then boom, they took off, too. When you consider the phenomenal press coverage we received and the record response from our customers and resellers, we as a company achieved everything we set out to do.

Q. It's great to have demand. But can we deliver?

A. Sure we can, but we clearly need to build a lot more products. Our supply of older models is better than the newer ones, but not by much. You have to understand that we're shipping record numbers of products – volumes that are significantly higher than we've ever built before. I'm very satisfied with the shipping levels we've achieved. Our ramp up has been quite a feat, especially when you consider we're building 41 new models.

Q. When will supply catch up with demand?

A. We anticipate meeting immediate demand in September. We have

A. It's both. We made our initial forecasts for our June products in the fourth quarter of 1991. Then, we fine-tuned the numbers as we approached the announcement. Still, when you add 41 new models to an already broad product line, and you're trying to gauge what their impact will be on your existing models, you have some difficult judgement calls to make. Can I now armchair quarterback our decisions and say, "Boy there's a lot of forecast mistakes we made!" Sure, I can. But that's just a piece of the dilemma. We're expecting things from our suppliers that are very difficult for them to respond to. When you have the kind of spike in demand that we've just experienced, we're asking some brand new suppliers, like the chassis maker of our COMPAQ DESKPRO/i family, to give us three times more material than we originally ordered back in February. So, yes, we have component shortages. But they're definitely linked to our forecasts, which we concluded at launch were too conservative.

Q. Our account managers complain that they can't get timely and accurate

products due to parts shortages.

"We are working diligently to capture the significant sales opportunity for our new products by running three manufacturing shifts in our Houston and Singapore factories and two shifts in our Scotland factory, and are moving aggressively to secure additional materials. We've moved into high-volume production of our newest products at a rate unprecedented in the company's history," he continues.

Revenue, net income rise as demand for products increases

Our tremendous sales momentum, sparked by the new products introduced in June, sent the company's second quarter sales to \$827 million, up 15 percent from sales of \$718 million for second quarter 1991.

Second quarter 1992 net income was \$29 million, or \$.35 per share, representing a 43 percent increase over net income of \$20 million, or \$.23 per share, in the same period of 1991.

"Compaq has captured tremendous

sales momentum with our products introduced late in the second quarter. We've experienced strong demand for all our products, which demonstrates that given affordable pricing from Compaq, customers prefer the quality and reliability of COMPAQ products," says Eckhard Pfeiffer, Compaq CEO. "Despite shipping in record volumes – unit shipments were up 51 percent over last year's figures – we entered third quarter with considerable product backlog on new and existing PC

Compaq is in a position of financial strength with more than \$750 million in cash and minimal debt. Pfeiffer says we will continue to spend in key areas such as advertising, product development and customer support to spur further unit growth and market share gains.

Second quarter net income was positively influenced by an after-tax contribution of \$6.5 million from the company's equity interest in Conner Peripherals, Inc.

Compaq showcases services and technology

At the heart of two major thoroughfares in downtown Dallas, Texas, lies INFOMART – an expansive convention and meeting site that showcases the latest industry technology. It is also the site of the new Compaq south central regional office. On June 15, Compaq joined the long list of industry leaders with the opening of the regional office in the INFOMART facility.

The Compaq grand opening coincided with the announcement of the company's newest line of products. Public officials from the Dallas community, Compaq and INFOMART celebrated the opening of the office with a ribbon cutting ceremony. Alan Kahn, Chairman of the Texas Department of Commerce Policy Board; Bill Winsor, President and General Manager of INFOMART; Dave Davis, Vice President, North America, Sales; Chris Luna, Dallas Deputy Mayor Pro Tem; and Chris Schuneman, Regional Director, South Central Region, were present to commemorate the event.

"Everything is very open at the INFOMART," says Schuneman. "It is a place where you go to see technology working."

Room to grow

The INFOMART lease space encompasses over 15,000 square feet (13,650 square meters). The terms of the lease were negotiated through the company's Houston-based Lease Administration organization. The Dallas office was able to relocate from their former Sherry Lane address without having to contribute to



The Dallas RTC displays state-of-the-art technology in an open environment to encourage experimentation by potential customers and vendors.

the cost of building out the space. Twenty-nine Compaq Dallas employees from the total of 48 regional staff coordinate sales, service, systems engineering, administration, and training for the company.

The space layout and feature design details were developed by representatives from Leased Facilities planning – who also coordinated a team composed of Information Management, Security, AV, North American Sales and Marketing, North America Systems Engineering, training, the Dallas sales office and the INFOMART architect. The combined effort of the team created an inviting and innovative atmosphere. The space includes room for receptionist areas, office spaces, showrooms and a Regional Technology Center (RTC).

The RTC demonstrates specific applications of the company's hardware and software. For example, customers

requesting information on how specific software works on a specific COMPAQ product can request a demonstration. The RTC also serves as a "proof positive" testing site for vendors who would like to try out experimental items – from software to circuit boards – on COMPAQ products.

Keeping good company

Leasing space at the INFOMART has created greater visibility for COMPAQ. The facility is close to the downtown Dallas area – where a majority of the businesses who need or want our products are located.

And, because the center is open to the public, Compaq can demonstrate on a daily basis the advantages it has to offer.

Industry leaders from such areas as information processing, computers, software, telecommunications, office automation, consulting and training all maintain showrooms in the facility. Compaq also joins our strategic partners at INFOMART. We work closely with companies such as Electronic Data Systems (EDS), a reseller; Banyan and Novell, networking partners; COMPUCOM, a training company; and Arthur Andersen, a consulting firm, to create presentations showcasing our combined products and services. As customers come to see one vendor, they are exposed to a variety of others for a complete overview of their business needs.

Alliance will provide new technology

The key integration and target market alliance agreement signed in June by Compaq and ViewStar Corp. will provide users document management and workflow automation technology with an industry standard solution.

The agreement calls for integration of ViewStar's document management software product with COMPAQ notebook, desktop and PC server products. Four key elements make up the agreement:

- definition of certified application platform configurations;
- optimization of both software and hardware, resulting in a COMPAQ-specific ViewStar option;
- development of overlapping channels of distribution, systems integration consulting and support; and
- joint sales and marketing programs.

"COMPAQ desktop and server products are an ideal platform for application development," says Tom Wilson, ViewStar president. "In addition, Compaq's aggressively priced desktop PCs, robust PC servers and network management products are perfect for implementing document management and workflow process automation applications on a broad scale."

After working together for more than two years, jointly testing each others' products for compatibility and performance optimization, this alliance pushes the relationship to a higher level with a step in a new direction for Compaq.

Mike Clark, Vice President of North American Systems Marketing at Compaq, explains, "Through the Compaq/ViewStar relationship, together we can provide a full suite of products and services. Our customers will benefit from the best of both worlds – the best hardware on the market, coupled with superior document management software and highly skilled specialists from both companies."

The ViewStar/Compaq alliance is a product of Compaq's business development and application software vendor strategy. The two companies are certifying selected members of the Compaq Consultant Program and systems integrators on the document management and workflow automation solution.

Through the relationship, customers will be able to obtain performance-tuned COMPAQ desktop and server products optimized for the ViewStar application software. ViewStar will provide the software, integration consulting and application customization specifically designed to take advantage of COMPAQ products, while Compaq provides superior hardware and network operating systems software, training and support. The companies will jointly authorize providers of this solution.

ViewStar, founded in 1986, develops object-oriented client-server software systems for document management and workflow process automation on LANs and WANs, automating mission-critical business applications involving image, text and other format documents.

Jenny Craig spurns PC clones for COMPAQ quality

There's an old Chinese proverb that says, "You buy cheap. You buy twice."

More and more PC buyers today are discovering for themselves the wisdom behind that statement. PC clones, now adorning the desks of many cost-conscious companies, simply don't hold up well under the rigors of day-to-day use. Nor do they stand up to the technical demands of today's advanced PC networks. Repairs? Forget it.

A case in point is Jenny Craig, Inc., the San Diego-based diet company with a half-billion in annual revenues and more than 600 centers across the country.

"We first started buying clones in 1988 when we had about 200 centers," says Lee Rizio, Vice President for Information Systems. "These were 'quality' clones and they came highly recommended. They seemed to work pretty well, although we had a lot of installation problems."

As the months passed, the problems grew. The PCs, used to run a couple of dozen centers and to keep track of orders for Jenny Craig meals, began to fail at an increasing clip.

"We had terrible response time in getting them fixed. A lot of time was wasted simply trying to get parts," says Rizio.

"The effort that went into repairing the units was outrageous."

In one incident, a vendor brought three computers to a location before one would work. "That used up two days of staff time at that center," Rizio recalls. "Afterward, we decided we had to find a more reliable product." Jenny Craig, wanting to automate all of its centers, turned to Compaq for help.

Some 450 COMPAQ DESKPRO 386N

"One thing I really like about COMPAQ products is that the chips and parts are so interchangeable," says Rizio.

PCs were installed last year at new and existing Jenny Craig centers across the United States. Another 55 units will be installed each month during the balance of 1992. "The quality difference is night and day," says Rizio. "We're having far fewer problems with all these COMPAQ's than the handful of PC clones we've owned."

Although the COMPAQ PCs sometimes cost 15% to 20% more, he adds, "the

overall cost was significantly less when you figure in the aggravation and downtime of PC clones."

ComputerLand stores deliver and install the products and train Jenny Craig employees on the hardware. Each center gets two PCs. Linked by Novell networks, the computers are tied into Jenny Craig's home office in San Diego, allowing management to know how much business each center rings up daily.

"One thing I really like about COMPAQ products is that the chips and parts are so interchangeable," says Rizio. "If you change a part, the software still works. The quality control is excellent."

When the COMPAQ PCs need repairs, the service Jenny Craig receives from ComputerLand is generally fast and reliable. "It seems like everybody can service Compaq because it is so popular."

Jenny Craig will install more than 600 COMPAQ computers this year throughout the country. Rizio states that "there aren't many manufacturers that can provide that many quality systems to hundreds of locations over a one year period."

Will he try clones again? "No thanks," says Rizio. "We like to say, 'We tried the rest, we bought the best.'"

An interview with Ross Cooley

continued from page 1

Q. Okay, but we're bringing on a lot of new entities now. Where do they stand in getting product?

A. If you're new, your allocation is based on your sales forecast, which of course must be realistic. If you're a traditional partner, it's based on your contribution over the past six months.

Q. The second-tier clone companies will surely try to hammer us on price in the coming days. How low can they go? And how low can we go on price?

A. We're in the thick of a battle, but Compaq and its competitors all have a fiscal responsibility to investors. I'm afraid that there are some companies who are desperate and will wind up ignoring that fact. Compaq's strategy is not to follow them into bankruptcy.

I firmly believe that there is a significant number of customers who will pay somewhat more for a Compaq because of everything that we stand for. We don't have to be priced exactly the same as our competitors and we certainly don't need to be priced less. The current reaction to our products proves that customers feel we now offer an excellent price-to-performance ratio. Of course, you can't minimize the fact that we're spending almost \$50 million this year in North America to convince people that a PC is not necessarily a PC — that we're not a box company. The word is getting out about Compaq and it's being heard.

One of the great things about lower price points is that it opens up whole new markets. There are a lot of people that have just begun thinking, "I'm going to buy that darn thing now to put my recipes on, to put my telephone numbers and addresses on, to put my checkbook in and all those things I've been talking about doing. The price has finally gotten to where I can afford it and I'm going to buy one."

Q. With the higher volume of Compaq sales, what is the possibility that we will be hiring more people in the field to cover major accounts? Aren't we on a pace that will burn out some people?

A. This is a situation we have to monitor closely. With the present competitive environment, we've got to sell more units in order to yield the same levels of profits that we might have had a year and a half or two years ago. We are on a volume strategy that will garner us new customers and will yield, over time, the kind of revenue and profit growth we need. But before we can make additional investments in more people, we need to make sure that we're going to see a continuation of this significant uplift in demand that we've been enjoying over the past few weeks.

What's in a name?

Compaq and Interbrand determine product brand names

What happens when Compaq has developed exciting new products like nothing the company has ever done before, there are only a few months before the announcement date, and the products are still without a name?

The product managers for the COMPAQ Contura and the COMPAQ ProLinea found themselves in that situation. Several months before the announcement date, the product managers for the company's newest line of

Q. Are you satisfied with the range of products we're now offering? What else do you think the market needs that we should address?

A. I would say we really need to get the COMPAQ DESKPRO/486i PCs out. We announced it and said units would be delivered in August. Also, I believe there is an abundance of opportunity for Compaq through our new Peripheral Division.



Cookey and family at the beach with Mandy the dog: from left, Chris, Pat, Ross, Tracy and Skip. Another son, Scott, is not pictured.

Q. A lot of companies are already offering pen-based computers. Are we behind in this area?

A. I don't think so. Their practicality is just now being understood. Go Computers and Microsoft have two operating system implementations at present. We're tracking pen-based technology and use very closely and, at the right time, we'll have a good offering. Currently, it's a lot of sizzle and no beef. In six months to a year, though, you might see a real sizzling steak appearing on the market. It could be from us.

Q. How about multi-media?

A. Most major corporations will say multi-media has a place right now, but it's in the training and audio visual departments. They have yet to find a place for it in normal business applications. Now, you show them a piece of multi-media called business audio and they say, "Gee, that makes a lot of sense." With business audio running on some of our new desktop products, we've plugged into a technology that's just arriving, but will become broad-based, high volume and very, very accepted.

Q. We've begun branching out into computer superstores like Bizmart and Computer City. How are we going to do this without alienating our existing reseller base?

A. We've widely communicated our need to ensure that Compaq products are

available wherever customers want to buy them. The superstore concept and the mass merchant concept appeal to a segment of the customer community that truly hasn't been the target of our traditional resellers. They've been primarily focused on the medium-sized companies and large corporate accounts. Therefore, we are still very much and very well aligned with the traditional retail strategy.

order and I want ten of your computers to arrive in each of my stores every Friday in XYZ configurations. Say that company has 300 stores. That's three thousand brand new CPUs we need every week.

That's the kind of problem — and opportunity — we're addressing with our strategy to expand our channels. It's not difficult for me to envision going from — in the United States — 3,265 authorized entities to over 5,000 between now and the end of the year. At the moment, everybody is knocking on our door. They all want to carry the COMPAQ line.

We're selecting carefully. There's a significant number of superstores and consumer electronic stores where I would like to see our products. We need to be sure that we put them in the right place and appeal to a new kind of customer that we're finally attracting.

Q. Customer support. How are we doing now?

A. Customer support can be looked at in a variety of ways. However, if you combine all that we've done with our hot line support capability and all the programs we've announced, and all the incremental staff that we have added and sources we've put in place for customers to talk to — and combine that with our field organization, with our customer service people, our systems engineers, as well as our service providers in the reseller community — we're absolutely head and shoulders above our competition.

For a time, the press got hung up on what the competition could do via the telephone. Well, we're doing an admirable job of matching them telephone for telephone right now, but we've got all the other advantages that they don't have. We're flat ahead in customer support.

Q. Will we be doing television advertising this year?

A. Perhaps. We're currently discussing the issue, but it has yet to be decided.

Q. What's the outlook for sales in North America?

A. The outlook is extremely bullish. The wide acceptance of our June 15 products gives me confidence that our plans will be realized this year. We thought we had an optimistic plan, but it may have been a little too conservative. I know that everything won't be roses in the months ahead. Competition is going to continue to be aggressive. But when you look at it, we've revamped every "p" in the marketing formula. We've revamped the products. We've revamped the prices. We've revamped the place. And we've certainly revamped the promotion. We've done it all this time with one thing in mind. And that's the customer. As long as we stay focused on the customer, our plans will work.

notebook and desktop PCs met to determine the names for the new product lines. The names had to reflect a variety of attributes. They should reflect traditional Compaq quality and reliability, yet be distinctive, memorable and differentiate them from any of the products the company had previously created. The names should be business oriented, acceptable and trademarkable worldwide. The names needed to reflect a fresh, new concept and direction for an entire line

of COMPAQ products.

Compaq core teams

The product managers for the new products formed core teams to generate and gather ideas. They contacted the Compaq subsidiaries in the five geographic regions for suggestions. The regions were already informed of the products' specifications. They knew the target audiences, pricing strategy and form factor. All that remained was to determine a name.

The regions sent back over 200 sug-

gestions. The core teams narrowed down the selections. The Contura team selected the top 10 suggestions and the ProLinea team narrowed down the selection to five. After the teams selected a name, the Compaq legal department investigated it. The legal department determined whether or not the names had been used before. Were the names trademarked? Were the names used for a product in a similar industry?

continued on page 8

Overwhelming product demand motivates worldwide

All over the world, Compaq manufacturing is rising to the challenge issued by customers clamoring for our new products. Overwhelming demand for the products announced in June, as well as an increased interest in existing products, has given the company new opportunities to outproduce the competition.

Compaq Houston is projected to manufacture almost as many computers in the third quarter (3Q) as the company did as a whole in the second quarter. The CPU lines in CCM 3,5, and 6 will build 49 percent of the company's products in the three-month period starting in July.

Compaq Singapore manufacturing is projected to build more computers in 3Q than it did in 2Q – approximately 126 percent more! And Compaq Scotland will manufacture 74 percent more. One reason for the increased manufacturing at Compaq Scotland is the July start-up of the lines producing the COMPAQ ProLinea PC and the COMPAQ DESKPRO/i family of PCs. At the end of the 2Q, Houston manufacturing produced the ProLineas and the DESKPRO/i's for worldwide distribution.

Citizen Watch company in Japan, which builds the COMPAQ LTE Lite 25/c, will manufacture 80 percent more.

The Compaq sales offices in the five geographic regions use projected sales to help manufacturing determine product completion goals. In a weekly sales backlog meeting, Senior VP Ross Cooley demonstrated the "seriousness" of the company's push to fulfill customer orders. Dressed in a gorilla suit, Cooley walked up behind Mike Nordmeyer, director of Factory Planning, and draped himself around his back. The message? The monkey has been placed on the back of manufacturing. It will stay there until every customer receives the product they requested.

With no-nonsense determination, Compaq manufacturing dug in and began a production blitz like the company has never seen. Some shifts issued challenges to other shifts to meet or exceed their production records. The spirit of "Compaq manufacturing can!" was everywhere as Compaq manufacturing responded to a great opportunity.



Inside manufacturing employees



A Success!

Company's new era kicks off with a bang



Robin Tran, Desktop Design Engineer, was the lucky winner of a drawing for a COMPAQ LTE Lite. The winner was picked in a drawing of names of those who attended the internal announcement event on the Houston main campus June 15. Tran was awarded the notebook computer in a surprise ceremony by Eckhard Pfeiffer, CEO.

As reflected in the company's second quarter earnings, customers are flocking to buy the new products introduced June 15. The worldwide launch of these products has been deemed a success by many — including members of the press, customers and analysts.

"With its June 15 releases, Compaq has slashed prices without compromising quality. PC Week Labs tested five of Compaq's new systems — units from both new desktop families and two of the new notebooks — and found all were impressive." — *PC Week Magazine*

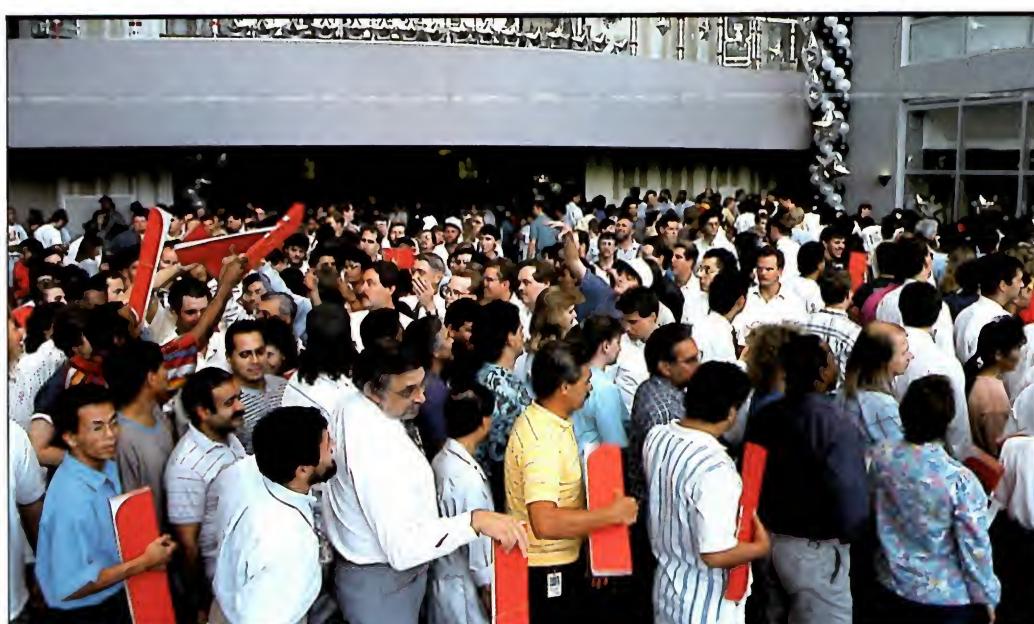
"Prices on these new PCs are back where it makes it worthwhile to look at Compaq again. With competitive pricing between Dell and Compaq, there's no question I'll go with Compaq." — Steve Mousseau, MIS supervisor, Presque Isle Firm Mining

"Compaq should regain market share because the primary reason customers switched to other brands was price. They still love the COMPAQ machines." — Philip Wise, Senior Vice President, CompuCom Systems Inc.

"A new marketing strategy by Compaq, which has set the standard for quality, could spell the end for some of its competitors" — *The Sydney Morning Herald*



Rap dancers and musicians performed during the Australian product launch in Sydney, Australia. Events were held around the world, announcing our many new products.



Approximately 4,000 Houston employees attended the internal announcement event held June 15 in CCA11 on the main campus. It was crowded, but lots of fun! There were product demonstrations, product videos, food, music, giveaways and a few surprises.



The New York event was held at the Ed Sullivan Theater on Broadway. This marquee announced our "New Era" to all who passed.



Roadshows followed the June 15 events in major cities worldwide.

Everyone loves a parade

Houston manufacturing employees get pats on the back

COLETTE CHAMP
CPU Manufacturing

A parade of bagpipe players and manufacturing managers, led by Doug Johns and Greg Petsch, marched through each Compaq Houston manufacturing site June 12. Carrying signs of thanks and shaking hands along the way, the manufacturing management team showed their appreciation for all the hard work and dedication of manufacturing personnel in preparation for the June 15 product announcement.

The stress of long hours and working to beat the clock is nothing new to Compaq people. But, the incredible commitment displayed during recent months by all Compaq employees has been remarkable. The Houston manufacturing management team thought a parade – led by the Hamilton Pipe Band – would be the perfect way to say “thank you” to the entire Houston manufacturing team. Why a parade? Many great men and women have had parades held in their honor...it was time to hold a parade for a group of really great people who work together and mean business!



Bagpipers recently marched through all Houston manufacturing facilities.

Big brother volunteer makes a big difference



Robert McCandless and little brother, Brandon Custer take time out to race remote control motor cars.

Two years ago, Robert McCandless, a material handler in the Distribution department, did what many Compaq employees do after a long day – relaxed and unwound by watching television. Viewing an advertisement depicting the need of hundreds of Houston-area children made McCandless sit up and take notice. The advertisement asked for volunteers to be Big Brothers, Sisters and Couples to children from single-parent families.

For over 40 years Big Brothers and Sisters of Houston, a non-profit organization affiliated with the national organization United Way, has been bringing friendships to children from single-parent families. The Houston organization has over 500 volunteer Big Brothers, Sisters, and Couples.

Community commitment

McCandless had been considering volunteering for some time. He is not married and has no children of his own. The advertisement gave him the extra motivation he needed to contact the organization.

Quite often, McCandless talks with community members about the relationship with his Little Brother. He has also interested other Compaq employees about volunteering. The most commonly question asked McCandless is: What difference does a few hours a week make to a child from a broken home?

“I don’t think people understand that a little time shared shows you care. And, the fun you have makes up twice fold for the time when you are apart,” says McCandless.

Serious about selection

McCandless went through a comprehensive

screening process that included a background investigation, personal references, a lengthy questionnaire (over 400 questions), interviews and several weeks of training. The training sessions established guidelines and goals for a potential match.

“Big Brothers and Sisters really want to make sure that the child will be happy and safe with their match,” said McCandless. He balanced working at Compaq at night and attending the organization’s classes in the morning.

Once the Big Brother or Sister volunteer is accepted, a brief interview between the volunteer and child influences whether or not the match works as well in person as on paper. When meeting his “brother” for the first time, McCandless admits he was nervous.

“As with any new relationship, you have to build up trust first,” says McCandless.

Getting along great

Since their meeting two years ago, Brandon Custer, a 14-year-old student at Cypress Creek High School and McCandless have developed a strong friendship. When the two brothers are together, they thrive off each other’s energy. They enjoy sports activities, movies, Chess games and Nintendo video challenges.

Brandon waited two-and-a-half years for a Big Brother. “But it’s well worth the wait and Rob and I hit it off right away!” he says.

They have been together for over two years and in Brandon’s opinion, “It’s cool to have somebody to hang-out with who will always be your friend no matter what.”

Graphic artist wins awards in CorelDRAW! contest

Chris Purcell, senior designer for Systems Communication in Houston, takes his doodling very seriously. Two computer-generated graphic designs which Purcell spent over 120 hours creating earned him first and second place in a worldwide graphic design competition held by CorelDRAW! software this year. His design work stood out from over 4,000 entries.

A logo Purcell created for a Compaq Systems Engineering conference captured the first place honor. He also received second place recognition in a people, plants and animals category with a unique rendition of the anatomy of a green lizard.

"The whole point of the contest is to stretch what the contestants can do with the software," explains Purcell.

Last year, Purcell entered the same contest and won an Award of Merit for a butterfly illustration. The prize for the Award of Merit was approximately \$900 of software. Since that time, Purcell has seen his illustration displayed on attention-attracting mailers from various vendors—including vendors offering printing hardware.

This year, Purcell followed the departmental practice of entering several contests and sent two entries to the CorelDRAW! contest. He was notified by phone that he'd won. Purcell was surprised and pleased to hear the news.

"With all the other work we have to do, I wasn't really thinking about the contest," he says. Purcell is one of several

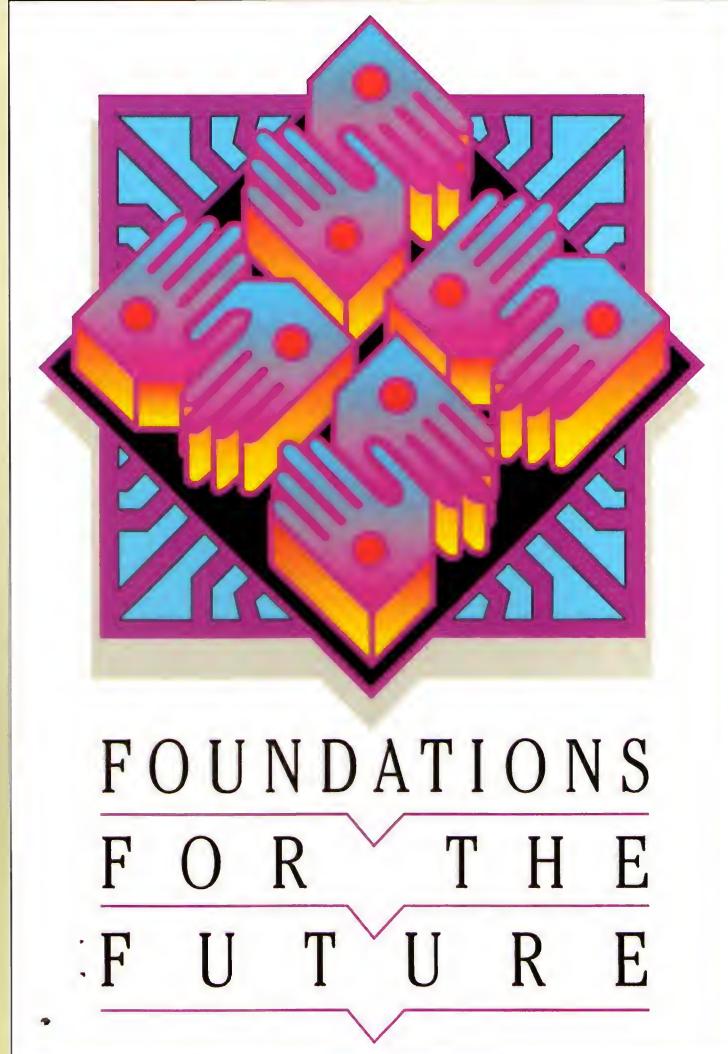
graphic artists who develops and produces artwork for Compaq. When graphics are needed for events such as product announcements, or designs for product packaging, sales promotions or logos, Purcell is ready with his graphic design software CorelDRAW! to create a new image or revamp an existing one.

And the winner is...

On May 15, Purcell was honored along with the other winners in a gala event held in Ottawa, Canada.

"It was just like the Academy Awards," says Purcell. "The local press was there and TV news coverage. Everyone was dressed in tuxedos. When they announced that I had won overall first place in the logo category, I had to go up on stage to accept the award and make a speech," he adds.

The first prize for this year's event included an all-expense paid weekend trip to the event in Canada, several hundred dollars worth of software, including updated versions of CorelDRAW!, peripherals such as a laser printer, color scanner, a 486/33 computer, color monitor, graphics card, a CD ROM player and a trophy. Two publishing houses working on a user guide for CorelDRAW! 3.0 have also contacted Purcell for permission to use the green lizard graphic to demonstrate what the software is capable of creating in the right hands and with the right technique.



The graphic, Foundations for the Future, reflects the theme of the 1992 SE Conference by using linking hands on a computer chip image to demonstrate the synergy between teamwork and technology.

Engineers gather in Houston



Compaq held its seventh annual Systems Engineering Conference July 7 through July 10 at the Houston, Texas downtown Hyatt Regency Hotel. Over 700 engineers from all over the world—from Africa to Australia—attended seminars covering over 100 topics. Independent hardware and software vendors (ISHVs) such as Banyan and Microsoft held technical break-out sessions and manned information booths to discuss the latest advances in the computer industry.

Keynote speakers for the conference included Eckhard Pfeiffer, CEO; Ross

Cooley, Senior Vice President, North America; Gary Stimac, Senior Vice President, General Manager, Systems Division; Mac MacLoughlin, Vice President, Corporate Sales; and Sheldon Laube, Chief Information Officer, Price Waterhouse.

To celebrate the close of the conference, the engineers attended an authentic rodeo at the George Ranch in Richmond. They watched events such as bareback horseriding, bull riding and participated in two calf scrambles. One hundred engineers chased calves to capture prize ribbons.

What's in a name?

continued from page 3

The Contura core team had originally suggested the named PASSPORT. That name, however, was heavily used in many industries including the electronics industry.

It was back to the drawing board.

Interbrand influence

The product team for the COMPAQ ProLinea found themselves in a similar situation. To add fresh insight to the product naming project, both core teams turned to outside help. They turned to Interbrand to determine the final names for the new products.

Interbrand, a company that specializes in developing names, corporate identities, brand strategies and communication, is a worldwide organization. Interbrand helped developed the identities and brand names for companies such as UNIX system laboratories, an AT&T division; Taligent, the name for the joint venture between IBM and APPLE; Hi-C, the Coca-Cola line of fruit drinks; and AMATI, the luxury car division formed by MAZDA.

Representatives from Interbrand

listened to the teams, learned about the products and submitted a proposal. The names Interbrand suggested were tested by a focus group to determine: ease of name pronunciation, connotation and associations with existing products, memorability and recall, and ranking versus the product concept.

Eureka! The right name...

Interbrand was instrumental in developing the brand name and strategy in time for the debut of the new products. The new names tested so strongly in the focus groups and throughout the geographic regions that it left no doubt they would reflect the new Compaq direction.

ProLinea incorporates the "Pro" from the COMPAQ DESKPRO and COMPAQ SYSTEMPRO brands to link the brand with well-established Compaq value. "Linea" reflects the addition of the new line created for the small business and home office customer. Contura suggests the unique, contemporary design of the product. When the words Compaq and Contura are said together, they created the desired memorable title.

COMPAQ